

City of Detroit Income Tax Legislation

I. ISSUE

The City of Detroit wants to be freed from having to roll back its income tax rates to levels lower than the current levies of 2.5 percent for residents and 1.25 percent for non-residents. Achieving that policy objective **before** Calendar Year 2008 will require an amendment to the City Income Tax Act (*Public Act 284 of 1964*).

That is because the City of Detroit, in Calendar Year 2007, cannot certify the existence of three out of four adverse economic conditions and appeal to the state administrative board for relief from the scheduled reduction in its income tax rates, as permitted by state law.

II. WHAT THE LAW SAYS ...

Specifically, the City Income Tax Act, as amended by *Public Act 500 of 1998*, states:

“... (2) (b) Beginning July 1, 1999, and **each July 1 after 1999**, the maximum annual tax rate under this subsection on resident individuals shall be reduced by 0.1 percent until the rate on resident individuals is 2.0%. The tax rate imposed on nonresident individuals shall be 50% of the tax rate imposed on resident individuals each year.

“(3) **If any 3 of the following conditions exist** in a city with a population of 750,000 or more, the city may apply to the state administrative board for certification that those conditions exist and **the maximum tax rate under subsection (2)(b) shall not be further reduced** as provided in subsections (4) and (5).

- (a) Funds have been withdrawn from the city’s budget stabilization fund for 2 or more consecutive city fiscal years or there is a balance of zero in the city’s budget stabilization fund.
- (b) The city’s income tax revenue growth rate is 0.95 or less.
- (c) The local tax base growth rate is 80% or less of the statewide tax base growth rate.
- (d) The city’s unemployment rate is 10 percent or higher according to the most recent statistics available from the Michigan jobs commission.”

III. RECENT CITY OF DETROIT ACTIONS

Before the start of Calendar Year 2004 and each calendar year thereafter, the City of Detroit proved the existence of 3 of the conditions in the aforementioned subsection (3) of the City Income Tax Act and successfully appealed to the state administrative board for relief from the statutorily required rollback in its income tax rates.

The seven-member state administrative board comprises the governor, who, by law, acts as chairperson; the lieutenant-governor; the secretary of state; the state treasurer; the attorney general; the director of the Michigan Department of Transportation; and the superintendent of public instruction.

Appealing to the state administrative board for relief from the income tax rollback will not be an option for Calendar Year 2008 because the City of Detroit will only be able to certify the existence of 2 of the conditions in the aforementioned subsection (3) of the City Income Tax Act. Specifically, the city's income tax revenue growth rate and local tax base growth rate will exceed the limitations prescribed in the law.

IV. WHAT HAPPENS IF THE ROLLBACK IS NOT SUSPENDED?

The City of Detroit would be compelled to reduce its income tax rates to 2.4 percent from 2.5 percent for residents and to 1.2 percent from 1.25 percent for non-residents. The reductions would cost the City of Detroit almost \$11 million, based on the most recent income-tax collection trends – about \$7.2 in lost residential resources and \$3.4 million, non-residential.

V. ARGUMENTS FOR FREEING DETROIT FROM THE ROLLBACK

- Freeing Detroit from the statutorily required income tax rollback recognizes and respects the time-honored concepts of local control and Home Rule.
- Freeing Detroit from the statutorily required income tax rollback will save jobs. A loss of \$11 million would compel Detroit to layoff as many as 300 employees, including police and fire personnel.
- Freeing Detroit from the statutorily required income tax rollback promotes fairness.

Indeed, it's important to remember that the aforementioned *Public Act 500 of 1998* was tie-barred, reciprocally, to *Public Act 532 of 1998*, which, pursuant Section 13 (6), called for the State of Michigan to appropriate to the City of Detroit \$333.9 million in combined constitutional and statutory revenue sharing each state fiscal year, from October 1, 1998, through September 30, 2007.

The only way the state was to pay the City of Detroit less than that amount was if there was a state fiscal year in which state sales tax collections totaled less than the immediately preceding state fiscal year. That is spelled out in Section 13 (15) of *PA 532 of 1998*, which also prescribes how the state shall compute Detroit revenue sharing in a fiscal year where sales tax collections are less than the prior year.

It specifically instructs Treasury to subtract Detroit's constitutional revenue sharing from the total allocation of \$333.9 million and multiply the difference by the same percentage as the percentage drop in state sales tax collections.

State sales tax collections have fallen below the prior fiscal year level only once since enactment of *Public Acts 500 and 532 of 1998* and that was in Fiscal Year 2003. Thus, the state, by law was justified to reduce Detroit revenue-sharing payments in Fiscal Year 2003.

But instead of calculating the reduction as prescribed in *PA 532 of 1998* – which would have cost Detroit roughly \$727,000 – the state included Detroit in across-the-board revenue sharing cuts that cost the city \$14.2 million in state Fiscal Year 2003.

Revenue-sharing payments to the City of Detroit have never been restored to the level of \$333.9 million per state fiscal year, despite steady growth in state sales tax collections since state Fiscal Year 2003. In all, the State of Michigan, since its Fiscal Year 2003, has appropriated the City of Detroit roughly \$223 million (\$222,921,991, to be exact) less than it was supposed to, pursuant *Public Act 532 of 1998*.

Yet, the State of Michigan has never freed the City of Detroit from its statutory obligation to reduce its city income tax rates. Again, fairness dictates the State of Michigan take such action now.

Act No. 500
Public Acts of 1998
Approved by the Governor
January 5, 1999
Filed with the Secretary of State
January 5, 1999
EFFECTIVE DATE: January 12, 1999

**STATE OF MICHIGAN
89TH LEGISLATURE
REGULAR SESSION OF 1998**

Introduced by Rep. Profit

ENROLLED HOUSE BILL No. 5391

AN ACT to amend 1964 PA 284, entitled "An act to permit the imposition and collection by cities of an excise tax levied on or measured by income; to permit the collection and administration of the tax by the state; to provide the procedure including referendums for, and to require the adoption of a prescribed uniform city income tax ordinance by cities desiring to impose and collect such a tax; to limit the imposition and collection by cities and villages of excise taxes levied on or measured by income; to prescribe the powers and duties of certain state and municipal agencies, departments, and officials; to establish the city income tax trust fund; to provide for appeals; and to prescribe penalties and provide remedies," by amending sections 3 and 3c of chapter 1 (MCL 141.503 and 141.503c), section 3 of chapter 1 as amended and section 3c of chapter 1 as added by 1988 PA 520.

The People of the State of Michigan enact:

CHAPTER 1

Sec. 3. (1) The governing body of a city, by a lawfully adopted ordinance that incorporates by reference the uniform city income tax ordinance set forth in chapter 2, may levy, assess, and collect an excise tax on income as provided in the ordinance. The ordinance shall state the rate of the tax which shall be the rate authorized by 1 of the following:

(a) The uniform city income tax ordinance under section 11 of chapter 2.

(b) Subsection (2).

(c) Section 3a, 3b, or 3c of this chapter.

(2) Except as otherwise provided in subsections (3), (4), and (5), in a city with a population of more than 750,000, the governing body may levy and collect a tax at a rate to be determined from time to time, that rate to be not more than 2% on corporations and the following maximum tax rates on resident individuals and nonresident individuals for the following years:

(a) Before July 1, 1999, 3.00% on resident individuals and 1.50% on nonresident individuals.

(b) Beginning July 1, 1999 and each July 1 after 1999, the maximum tax rate under this subsection on resident individuals shall be reduced by 0.1 until the rate on resident individuals is 2.0%. The tax rate imposed on nonresident individuals shall be 50% of the tax rate imposed on resident individuals each year.

(3) If any 3 of the following conditions exist in a city with a population of 750,000 or more, the city may apply to the state administrative board for certification that those conditions exist and the maximum tax rate under subsection (2)(b) shall not be further reduced as provided in subsections (4) and (5):

(a) Funds have been withdrawn from the city's budget stabilization fund for 2 or more consecutive city fiscal years or there is a balance of zero in the city's budget stabilization fund.

(b) The city's income tax revenue growth rate is 0.95 or less.

(c) The local tax base growth rate is 80% or less of the statewide tax base growth rate.

(d) The city's unemployment rate is 10% or higher according to the most recent statistics available from the Michigan jobs commission.

(4) If the state administrative board certifies within 60 days of application that any 3 of the conditions set forth under subsection (3) are met, the maximum tax rate under subsection (2) shall not be further reduced from the date of the state administrative board's certification until the July 1 following the expiration of 1 year after the state administrative board's certification unless the city applies for certification that the conditions continue to exist. Before the expiration of the certification, the city may apply to the state administrative board to certify that the conditions continue to exist and if the state administrative board so certifies, the certification may continue until the July 1 following the expiration of 1 year after the state administrative board's certification that the conditions continue to exist. The city may continue to apply for certification until the conditions under subsection (3) no longer exist.

(5) Notwithstanding any other provision of this section, if on July 1 the maximum tax rate on resident individuals is reduced under subsection (2) after a year or years in which the maximum tax rate was not reduced because of subsections (3) and (4), the maximum tax rate on resident individuals shall be the maximum tax rate in effect on June 30 of that year reduced by 0.1 and the rate on nonresident individuals shall be 50% of the rate imposed on resident individuals. On each subsequent July 1, subsection (2) applies to the maximum tax rates, subject to subsections (3) and (4).

(6) The governing body of a city may adopt the uniform city income tax ordinance with the alternative sections as set forth in chapter 3 instead of the similarly numbered sections as set forth in chapter 2. The uniform city income tax ordinance may be lawfully adopted or rescinded by the governing body at any time. The adoption of an ordinance is effective on and after January 1 or July 1 following adoption of the ordinance, as specified in the ordinance, but an ordinance shall not become effective earlier than 45 days after adoption or until approved by the electors if a referendum petition is filed as authorized in this act or a referendum is otherwise required. The rescission of an ordinance shall become effective on the following December 31. The ordinance may be rescinded at any time by the governing body in the same manner in which it was adopted and with appropriate enforcement, collection, and refund provisions with respect to liabilities incurred prior to the effective date of the rescission of the ordinance. The ordinance shall not be amended except as provided by the legislature. A city may amend the ordinance to change the tax rate to a rate authorized by this act.

(7) Petitions for a referendum election on the question of adopting an ordinance adopted by the governing body may be filed with the city clerk not later than the sixth Monday following the adoption of the ordinance. The petitions shall be signed by a number of registered electors of the city equal to at least 10%, but not more than 20%, of the registered electors of the city voting in the last general municipal election prior to the adoption of the ordinance by the governing body. If proper petitions are filed, the question of adopting the ordinance shall be submitted by the governing body to the city electors at the next primary or general election or at a special election called for the purpose, in any case held not less than 45 days nor more than 90 days after the clerk has reported the filing of the referendum petition to the city's governing body. The checking of names on the petitions, the counting, canvassing, and return of the votes on the question, and other procedures for the election shall be as provided by law or charter. Upon a favorable vote of the city electors, the ordinance shall be effective as specified in the ordinance which may be amended by the governing body of the city following the election to specify July 1 or January 1 as the effective date of the ordinance, if the effective date originally specified in the ordinance is considered impractical or inconvenient for any reason. The provisions in this section for a referendum election, and for delaying the effective date of the ordinance if petitions for a referendum are filed, are not applicable to a city that on January 1, 1964 had in effect a valid ordinance levying and imposing an excise tax levied on or measured by income. Notwithstanding any other provision of this act, if an ordinance becomes effective on any date other than January 1, each tax year shall end on December 31, and the provisions of the ordinance based on a full tax year are modified accordingly to be applicable to the partial tax year.

(8) The city shall annualize the rates under this section as necessary.

(9) As used in this section:

(a) "Consumer price index" means the Detroit consumer price index for all urban consumers as defined and reported by the United States department of labor, bureau of labor statistics, and as certified by the state treasurer.

(b) "Income tax revenue growth rate" means a number the numerator of which is the income tax collections of the city for the city fiscal year immediately preceding the city's application under subsection (3) and the denominator of which is the product of the income tax collections of the city for the city fiscal year immediately preceding the city fiscal year used to determine the numerator multiplied by 1 plus the corresponding percentage change in the average consumer price index for the calendar year ending in the city fiscal year used to determine the numerator.

(c) "Local tax base growth rate" means the total taxable value of real property and personal property in the city for the most recent year for which data is available divided by the total taxable value of real property and personal property in the city for the second year immediately preceding the most recent year for which the data is available.

(d) "Statewide tax base growth rate" means the total taxable value of real property and personal property in the state for the most recent year for which the data is available divided by the total taxable value of real property and personal property in the state for the second year immediately preceding the most recent year for which the data is available.

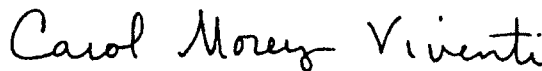
Sec. 3c. A city that levied the tax authorized by this act before March 30, 1989 may amend the ordinance to increase the rate to an annual tax of not more than 1-1/2% on corporations and resident individuals and not more than 3/4% on nonresident individuals, but not more than 1/2 of the tax rate imposed on resident individuals. An amendment to the city income tax ordinance under this section is not effective unless the amendment is approved by a majority of the qualified electors voting on the question. Before November 10, 1989, an amendment under this section shall not be placed before the voters for approval more than once in any 12-month period. This section applies only to a city with a population of more than 140,000 and less than 750,000 or a city with a population of more than 65,000 and less than 100,000 in a county with a population less than 300,000.

Enacting section 1. This amendatory act does not take effect unless House Bill No. 5989 of the 89th Legislature is enacted into law.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved -----

Governor.

Cassis
Cherry
Crissman
Cropsey
Curtis
Dalman
DeHart
DeVuyst
Dobb

Hammerstrom
Hanley
Harder
Hertel
Horton
Jansen
Jelinek
Jellema
Kaza

Middleton
Nye
Olshove
Owen
Oxender
Parks
Perricone
Price
Profit

Varga
Voorhees
Walberg
Wallace
Wetters
Whyman
Willard
Wojno

Nays—0

In The Chair: DeHart

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

HOUSE
INCOME TAX
NOTE

Rep. Bogardus moved that Rep. Hanley be excused temporarily from today's session.
The motion prevailed.

House Bill No. 5391, entitled

A bill to amend 1964 PA 284, entitled "City income tax act," by amending sections 3 and 3c of chapter 1 (MCL 141.503 and 141.503c), section 3 of chapter 1 as amended and section 3c of chapter 1 as added by 1988 PA 520.

The Senate has substituted (S-4) the bill.

The Senate has passed the bill as substituted (S-4), ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

Rep. Gagliardi moved that Rule 45 be suspended.

The motion prevailed, 3/5 of the members present voting therefor.

The question being on concurring in the substitute (S-4) made to the bill by the Senate,

The substitute (S-4) was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 1139

Yeas—94

Agee
Alley
Anthony
Baade
Baird
Banks
Basham
Birkholz
Bobier
Bodem
Bogardus
Brackenridge

DeVuyst
Dobb
Dobronski
Fitzgerald
Frank
Freeman
Gagliardi
Galloway
Gernaat
Gilmer
Gire
Goschka

Kaza
Kelly
Kukuk
LaForge
Law
Leland
LeTarte
Llewellyn
London
Lowe
Mans
Martinez

Perricone
Price
Profit
Rackowski
Rhead
Richner
Rison
Rocca
Sanborn
Schauer
Schermesser
Scranton

Brater	Green	Mathieu	Sikkema
Brewer	Griffin	McBryde	Stallworth
Brown	Gubow	McManus	Tesanovich
Byl	Gustafson	Middaugh	Thomas
Callahan	Hale	Middleton	Varga
Cassis	Hammerstrom	Nye	Walberg
Cherry	Harder	Olshove	Wallace
Crissman	Hertel	Owen	Wetters
Cropsey	Horton	Oxender	Whyman
Curtis	Jansen	Palamara	Willard
Dalman	Jelinek	Parks	Wojno
DeHart	Jellema		

Nays—0

In The Chair: DeHart

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

Rep. Alley asked and obtained an excuse from the balance of today's session.

Rep. Whyman moved that Rep. McManus be excused temporarily from today's session.
The motion prevailed.

Rep. Godchaux moved that Rep. Scranton be excused temporarily from today's session.
The motion prevailed.

Rep. Hammerstrom moved that Rep. Perricone be excused temporarily from today's session.
The motion prevailed.

House Bill No. 4296, entitled

A bill to amend 1978 PA 368, entitled "Public health code," by amending sections 16131 and 16263 (MCL 333.16131 and 333.16263), as amended by 1995 PA 126, and by adding section 16350 and part 189.

The Senate has substituted (S-2) the bill.

The Senate has passed the bill as substituted (S-2), ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

Rep. Gagliardi moved that Rule 45 be suspended.
The motion prevailed, 3/5 of the members present voting therefor.

The question being on concurring in the substitute (S-2) made to the bill by the Senate,

The substitute (S-2) was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 1140

Yeas—74

Agee	Crissman	Jellema	Profit
Anthony	Curtis	Johnson	Prusi

SENATE INCOME TAX VOTE

No. 75]

[December 10, 1998] JOURNAL OF THE SENATE

2163

Senator Jaye's statement is as follows:

Take a close look at Section 4a, subsection(2)(b), before you vote to approve this bill. It says that any person that violates the subsection is guilty of a misdemeanor punishable by not more than 93 days in jail or a fine not more than \$500 if they return more than 100 cans. A hundred cans. A \$500 fine, a misdemeanor—93 days in jail because you've got 100 cans of pop from Ohio or Indiana that you try to take back.

How many of you have gone on family vacations cross-country, or your folks took you on vacations cross-country, and you don't want to litter, trying to teach the kids the right thing, and you get some co-mingling? I'm in favor of triple damages or four times the damages, but to say that we're going to have a \$500 fine and 93 days in jail if you submit 100 cans illegally; or let's say, it's less than 100 cans, it's still a misdemeanor and a fine of not more than \$100. So, you get some kid who brings back 25 cans, that's a case of pop and another bottle, maybe, and he or she is convicted of a misdemeanor for the rest of their life; they've got to fill out a job application form: Have you ever been convicted of a misdemeanor?—"Yes." What was it? It was an interstate crime. I transported a can of pop across state lines for a dime or a nickel a can redemption—and you're guilty of a misdemeanor.

The punishment should fit the crime. This bill does not have the punishment that fits the crime. I don't want cheats to get off scott-free, and if this bill would have been in front of my committee, I would have offered an amendment to increase the financial penalties, but not to make college kids or teenagers criminals for the rest of their lives because they're bringing a case of pop from Ohio and taking it to a party store.

This is a classic example of how we have unintended consequences on the last legislative day of the last session. I'm in favor of making sure that people don't cheat and that the money goes to the environmental clean-up and protect our little businesses, but do you really want to explain to your folks back home that little Johnny redeemed a bag full of cans and now he's convicted of a misdemeanor for the rest of his life over a stinking \$1 or \$1.50 of deposit? I hope we might consider not supporting this bill because the punishment doesn't fit the crime, and a person who is trying to make \$5 should not be thrown in jail for 93 days and fined more than \$500. We have to prioritize our legislation. Maybe, I would expect something like this in Singapore, where they give you caning because you spit on the street or you look cross-eyed at somebody's gal, but this really, really is excessive, and I hope that you will take a look at it closely before you vote in favor of this legislation.

By unanimous consent the Senate returned to consideration of the following bill:

House Bill No. 5391, entitled

A bill to amend 1964 PA 284, entitled "City income tax act," by amending sections 3 and 3c of chapter 1 (MCL 141.503 and 141.503c), section 3 of chapter 1 as amended and section 3c of chapter 1 as added by 1988 PA 520.

The above bill was read a third time.

The question being on the passage of the bill,

Senator Bouchard offered the following substitute:

Substitute (S-4).

The question being on the adoption of the substitute,

Senator Jaye offered the following amendments to the substitute:

1. Amend page 2, line 3, by striking out all of subsections (2), (3), (4), and (5) and inserting:

"(2) IN A CITY WITH A POPULATION OF MORE THAN 300,000, THE GOVERNING BODY MAY LEVY AND COLLECT A TAX AT A RATE TO BE DETERMINED FROM TIME TO TIME, AS FOLLOWS:

(A) IN A CITY WITH A POPULATION OF 1,000,000 OR MORE, THAT RATE TO BE NOT MORE THAN 2% ON CORPORATIONS, NOT MORE THAN 3% ON RESIDENT INDIVIDUALS, AND NOT MORE THAN 1-1/2% ON NONRESIDENT INDIVIDUALS BUT NOT TO EXCEED 1/2 OF THE TAX RATE IMPOSED ON RESIDENT INDIVIDUALS.

(B) IN A CITY WITH A POPULATION OF LESS THAN 1,000,000, THAT RATE TO BE NOT MORE THAN 1% ON CORPORATIONS, NOT MORE THAN 1% ON RESIDENT INDIVIDUALS, AND NOT MORE THAN 1/2% ON NONRESIDENT INDIVIDUALS. THIS SUBDIVISION SHALL APPLY IF A CITY HAS BEEN LEVYING A TAX PURSUANT TO SUBDIVISION (A) AND A SUBSEQUENT CENSUS DETERMINES THAT THE CITY HAS A POPULATION OF LESS THAN 1,000,000." and renumbering the remaining subsections.

2. Amend page 7, line 12, by striking out all of subsections (8) and (9).

3. Amend page 8, line 15, by striking out "750,000" and inserting "1,000,000".

The question being on the adoption of the amendments,

Senator Jaye requested the yeas and nays.

The yeas and nays were not ordered, 1/5 of the members present not voting therefor.

The amendments to the substitute were not adopted.

Senator Jaye offered the following amendments to the substitute:

1. Amend page 2, line 3, after "(2)" by striking out the balance of the line through "IN" on line 4 and inserting "In".

2. Amend page 2, line 19, by striking out all of subsections (3), (4), and (5) and renumbering the remaining subsections.

The question being on the adoption of the amendments,

Senator Jaye requested the yeas and nays.

The yeas and nays were not ordered, 1/5 of the members present not voting therefor.

The amendments to the substitute were not adopted.

The substitute was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was passed, a majority of the members serving voting therefor, as follows:

Roll Call No. 889

Yeas—32

Bennett	DeGrow	Koivisto	Schuette
Berryman	Dingell	McManus	Schwarz
Bouchard	Emmons	Miller	Smith, A.
Byrum	Gast	Murphy	Smith, V.
Cherry	Geake	North	Steil
Cisky	Gougeon	O'Brien	Van Regenmorter
Conroy	Hart	Peters	Vaughn
DeBeaussaert	Hoffman	Posthumus	Young

Nays—6

Bullard	Jaye	Shugars	Stille
Dunaskiss	Rogers		

Excused—0

Not Voting—0

In The Chair: President

Senator DeGrow moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

"An act to permit the imposition and collection by cities of an excise tax levied on or measured by income; to permit the collection and administration of the tax by the state; to provide the procedure including referendums for, and to require the adoption of a prescribed uniform city income tax ordinance by cities desiring to impose and collect such a tax; to limit the imposition and collection by cities and villages of excise taxes levied on or measured by income; to prescribe the powers and duties of certain state and municipal agencies, departments, and officials; to establish the city income tax trust fund; to provide for appeals; and to prescribe penalties and provide remedies,".

The Senate agreed to the full title.

Protests

Senators Jaye, Bullard, Rogers, Dunaskiss and Stille, under their constitutional right of protest (Art. 4, Sec. 18), protested against the passage of House Bill No. 5391.

Senator Jaye moved that the statements he made during discussion of the amendments he offered be printed as his reasons for voting "no."

The motion prevailed.

Senator Jaye's first statement is as follows:

This tax cut is phony. It is actually a tax increase of 200 per cent and a tax extension. Detroit levies 3 percent on its residents and its businesses, and 1.5 percent on its non-resident workers. That authority only exists for cities of over one million population. After the year 2000 census, there will be an automatic scheduled two-thirds cut in the taxes. Two-thirds cut, automatically.

Act No. 532
Public Acts of 1998
Approved by the Governor
January 12, 1999
Filed with the Secretary of State
January 12, 1999
EFFECTIVE DATE: January 12, 1999

**STATE OF MICHIGAN
89TH LEGISLATURE
REGULAR SESSION OF 1998**

Introduced by Rep. Ciaramitaro

ENROLLED HOUSE BILL No. 5989

AN ACT to amend 1971 PA 140, entitled "An act to provide for the distribution of certain state revenues to cities, villages, townships, and counties; to impose certain duties and confer certain powers on this state, political subdivisions of this state, and the officers of both; to create reserve funds; and to establish a revenue sharing task force and provide for its powers and duties," by amending sections 1, 7, 11, 12a, and 13 (MCL 141.901, 141.907, 141.911, 141.912a, and 141.913), section 11 as amended by 1996 PA 468 and section 12a as added and section 13 as amended by 1996 PA 342, and by adding section 13d; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

Sec. 1. This act shall be known and may be cited as the "Glenn Steil state revenue sharing act of 1971".

Sec. 7. (1) A city, village, or township may contract with the secretary of state or the United States bureau of the census to have conducted a special census of its population. The entire cost of the census shall be borne by the city, village, or township. The special census shall provide for separate identification by institution of wards, patients, or convicts in tax supported institutions in accordance with definitions used by the United States bureau of the census in the enumeration of the preceding statewide federal census. The results of the special census shall be certified to the department of management and budget by the secretary of state.

(2) The results of the special census as certified in subsection (1) shall be utilized for the purpose of making distributions under section 14a starting on the July 1 next following the date of certification of the results. Only 1 special census may be utilized between 2 statewide federal censuses. The enumeration date of a special census utilized under this act shall not be less than 3 years from the enumeration date of a regular statewide federal decennial census.

(3) A city, village, or township that on the enumeration date of a special census is determined to have an increase of population of 10% or more over its population as determined by the last preceding statewide federal census shall receive its share of revenues distributed under section 14a based on its population increase which exceeds the estimated state growth rate. Estimated state growth rate means the estimate determined by the department of management and budget as of the enumeration date of a special census.

Sec. 11. (1) For state fiscal years before the 1996-1997 state fiscal year, the department of management and budget shall cause to be paid during each August, November, February, and May, to counties on a per capita basis the collections from the state income tax as certified by the department of treasury for the quarter periods ending the prior June 30, September 30, December 31, and March 31 that are available for distribution to and retention by counties.

(2) For state fiscal years beginning after September 30, 1992 and ending before October 1, 1996, the collections from the state income tax otherwise available for distribution to counties in November for the quarter period ending the

prior September 30 shall be increased by \$35,900,000.00 and the collections from the state income tax otherwise available for distribution to counties in August for the quarter period ending the prior June 30 shall be decreased by \$35,900,000.00.

(3) For the 1996-1997 and 1997-1998 state fiscal years, the department of treasury shall cause to be paid to counties on a per capita basis an amount equal to 24.5% of the difference between 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made and the total distribution for the state fiscal year under section 12a. Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through June 30, 2007, the department of treasury shall cause to be paid to counties both of the following:

(a) An amount equal to the amount the county was eligible to receive under section 12a in the 1997-1998 state fiscal year.

(b) An amount equal to 25.06% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made minus the amount determined under subdivision (a) which shall be distributed on a per capita basis. If the amount appropriated under this section to counties is less than 25.06% of 21.3% of the sales tax rate of 4%, any reduction made necessary by this appropriation in distributions to counties shall first be applied to the distribution under this subdivision.

(4) After June 30, 2007, 25.06% of 21.3% of the sales tax collections at a rate of 4% shall be distributed to counties as provided by law.

(5) The payments under subsection (3) shall be made from revenues collected during the state fiscal year in which the payments are made and shall be made during each October, December, February, April, June, and August. Payments shall be based on collections from the sales tax at a rate of 4% in the 2-month period ending the prior August 31, October 31, December 31, February 28, April 30, and June 30, and for the 1996-1997 and 1997-1998 state fiscal years only the payments shall be reduced by 1/6 of the total distribution for the state fiscal year under section 12a. For state fiscal years after the 1995-1996 state fiscal year, the collections from the sales tax otherwise available for distribution to counties under subsection (3) in December shall be increased by \$17,000,000.00 and the collections from the sales tax otherwise available for distribution to counties under subsection (3) in April shall be decreased by \$17,000,000.00.

Sec. 12a. (1) For state fiscal years before the 1998-1999 state fiscal year, the department of treasury shall calculate the amount of payment to be made to a city, village, or township by multiplying the amount of state equalized value of tax exempt inventory property as certified by the department of treasury under former section 132 of the single business tax act, 1975 PA 228, times the property tax rate for each taxing unit as certified each year to the department of treasury for purposes of this act.

(2) For state fiscal years before the 1998-1999 state fiscal year, the department of treasury shall pay to each county each year, following the year the amount was calculated, an amount equal to the product of the state equalized value of inventory as certified by the department of treasury under former section 132 of the single business tax act, 1975 PA 228, times the county property tax rate for the county as reported each year to the department of treasury.

(3) For state fiscal years after the 1995-1996 state fiscal year in which payment is made under this section, the payment under this section shall be from the collections, exclusive of the amount designated for assistance to townships, cities, and villages under section 10 of article IX of the state constitution of 1963, of the sales tax levied at a rate of 4%.

(4) Payments made under this section, and the allocation and appropriation of amounts necessary to make the payments under this section, shall include interest which shall accrue on the unpaid balance. Interest shall accrue at the rate determined under section 13b.

(5) A payment required to be made under this section shall not be delayed so as to cause interest to accrue pursuant to subsection (4) unless the delay in any payment is authorized by a written directive issued and signed by the governor that conforms to and is subject to section 13b(2) and (3).

(6) Amounts required to be paid pursuant to this section that are subject to an unavoidable delay of a de minimis period or that are withheld or set off pursuant to law in the settlement or adjustment of an obligation or debt due to this state are not subject to subsections (4) and (5).

(7) For state fiscal years before the 1998-1999 state fiscal year, the treasurer of any city, village, township, or county who collects money for an authority that levies property taxes, shall pay an eligible authority its proportionate share of the reimbursements under this section. The proportionate share is the percentage that the property taxes collected by the authority are to the property taxes of the assessing unit. The property taxes of the authorities may be added to the millages used to determine payments under this section. For an authority to be eligible for compensation under this section, that authority shall have an authorization to have taxes levied for its use as provided by law. School districts, intermediate school districts, community college districts, vocational education districts, and special education districts are not included under this section.

(8) Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2002 through June 30, 2007, the treasurer of any city, village, township, or county who collects money for an authority that levies property taxes shall pay an eligible authority, from the payments received under this act, the amount received by the eligible authority under subsection (7) for the 1997-1998 state fiscal year. School districts, intermediate school districts, community college districts, vocational education districts, and special education districts are not included under this section.

(9) The state treasurer may make a disbursement for a payment under this section that has been delayed in advance of the date the delayed payment is expected to be paid.

(10) Payments under this section to cities and villages shall be made on or before October 31 and payments under this section to counties and townships shall be made on or before February 28.

Sec. 13. (1) This subsection and subsection (2) apply to distributions to cities, villages, and townships during the state fiscal years before the 1996-1997 state fiscal year of collections from the state income tax and single business tax. Except as otherwise provided in subsection (2), the department of treasury shall cause to be paid to each city, village, and township its share, computed in accordance with the tax effort formula, of the following revenues:

(a) During each August, November, February, and May, the collections from the state income tax for the quarter periods ending the prior June 30, September 30, December 31, and March 31 that are available for distribution to cities, villages, and townships under the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

(b) The amount of the collections from the single business tax available for distribution to cities, villages, and townships under former section 136 of the single business tax act, 1975 PA 228.

(2) The amount of collections of the state income tax otherwise available for distribution to cities, villages, and townships in November, February, and May, computed in accordance with the tax effort formula, shall be increased by \$22,600,000.00. The amount of collections otherwise available for distribution to cities, villages, and townships in August, computed in accordance with the tax effort formula, shall be decreased by \$67,800,000.00.

(3) This subsection applies to distributions to cities, villages, and townships for the 1996-1997 state fiscal year. The department shall cause to be paid in accordance with the tax effort formula an amount equal to 75.5% of the difference between 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made and the total distribution for the state fiscal year under section 12a.

(4) The department of treasury shall cause to be paid during the 1997-1998 state fiscal year an amount equal to 75.5% of the difference between 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made and the total distribution for the state fiscal year under section 12a, both of the following:

(a) To each city, village, and township, the amount of collections distributed under subsection (3) to cities, villages, and townships for the 1996-1997 state fiscal year or its pro rata share of the collections if the collections are less than the amount of collections distributed under subsection (3) for the 1996-1997 state fiscal year. A city's, village's, or township's share of revenues under this subdivision shall be computed using the tax effort formula.

(b) To each city, village, and township its share of the collections to the extent the total collections available for distribution under this subsection exceed the amount distributed to cities, villages, and townships under subdivision (a) for the fiscal year. A city's, village's, or township's share of revenues under this subdivision shall be computed on a per capita basis.

(5) Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through June 30, 2007, the department of treasury shall cause distributions determined under subsections (6) to (13) to be paid to each city, village, and township from an amount equal to 74.94% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made. After June 30, 2007, 74.94% of 21.3% of sales tax collections at a rate of 4% shall be distributed to cities, villages, and townships as provided by law.

(6) Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through June 30, 2007 and except as provided in subsection (15), the department of treasury shall cause to be paid \$333,900,000.00 to a city with a population of 750,000 or more as the total combined distribution under this act and section 10 of article IX of the state constitution of 1963 as annualized for any period of less than 12 months to that city.

(7) Distributions under subsections (8) to (13) to cities, villages, and townships with populations of less than 750,000 shall be made from the amount available for distribution under this section that remains after the distribution under subsection (6) is made.

(8) Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through June 30, 2007, for cities, villages, and townships with populations of less than 750,000, subject to the limitations under this section, a taxable value payment shall be made to each city, village, and township determined as follows:

(a) Determine the per capita taxable value for each city, village, and township by dividing the taxable value of that city, village, or township by the population of that city, village, or township.

(b) Determine the statewide per capita taxable value by dividing the total taxable value of all cities, villages, and townships by the total population of all cities, villages, and townships.

(c) Determine the per capita taxable value ratio for each city, village, and township by dividing the statewide per capita taxable value by the per capita taxable value for that city, village, or township.

(d) Determine the adjusted taxable value population for each city, village, and township by multiplying the per capita taxable value ratio as determined under subdivision (c) for that city, village, or township by the population of that city, village, or township.

(e) Determine the total statewide adjusted taxable value population which is the sum of all adjusted taxable value population for all cities, villages, and townships.

(f) Determine the taxable value payment rate by dividing 74.94% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments under this subsection are made by 3, and dividing that result by the total statewide adjusted taxable value population as determined under subdivision (e).

(g) Determine the taxable value payment for each city, village, and township by multiplying the result under subdivision (f) by the adjusted taxable value population for that city, village, or township.

(9) Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through June 30, 2007, subject to the limitations under this section and except as provided in subsection (14), a unit type population payment shall be made to each city, village, and township with a population of less than 750,000 determined as follows:

(a) Determine the unit type population weight factor for each city, village, and township as follows:

(i) For a township with a population of 5,000 or less, the unit type population weight factor is 1.0.

(ii) For a township with a population of more than 5,000 but less than 10,001, the unit type population weight factor is 1.2.

(iii) For a township with a population of more than 10,000 but less than 20,001, the unit type population weight factor is 1.44.

(iv) For a township with a population of more than 20,000 but less than 40,001, the unit type population weight factor is 1.73.

(v) For a township with a population of more than 40,000 but less than 80,001, the unit type population weight factor is 2.07.

(vi) For a township with a population of more than 80,000, the unit type population weight factor is 2.49.

(vii) For a village with a population of 5,000 or less, the unit type population weight factor is 1.5.

(viii) For a village with a population of more than 5,000 but less than 10,001, the unit type population weight factor is 1.8.

(ix) For a village with a population of more than 10,000, the unit type population weight factor is 2.16.

(x) For a city with a population of 5,000 or less, the unit type population weight factor is 2.5.

(xi) For a city with a population of more than 5,000 but less than 10,001, the unit type population weight factor is 3.0.

(xii) For a city with a population of more than 10,000 but less than 20,001, the unit type population weight factor is 3.6.

(xiii) For a city with a population of more than 20,000 but less than 40,001, the unit type population weight factor is 4.32.

(xiv) For a city with a population of more than 40,000 but less than 80,001, the unit type population weight factor is 5.18.

(xv) For a city with a population of more than 80,000 but less than 160,001, the unit type population weight factor is 6.22.

(xvi) For a city with a population of more than 160,000 but less than 320,001, the unit type population weight factor is 7.46.

(xvii) For a city with a population of more than 320,000 but less than 640,001, the unit type population weight factor is 8.96.

(xviii) For a city with a population of more than 640,000, the unit type population weight factor is 10.75.

(b) Determine the adjusted unit type population for each city, village, and township by multiplying the unit type population weight factor for that city, village, or township as determined under subdivision (a) by the population of the city, village, or township.

(c) Determine the total statewide adjusted unit type population, which is the sum of the adjusted unit type population for all cities, villages, and townships.

(d) Determine the unit type population payment rate by dividing 74.94% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments under this subsection are made by 3, and then dividing that result by the total statewide adjusted unit type population as determined under subdivision (c).

(e) Determine the unit type population payment for each city, village, and township by multiplying the result under subdivision (d) by the adjusted unit type population for that city, village, or township.

(10) Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through June 30, 2007, subject to the limitations under this section, a yield equalization payment shall be made to each city, village, and township with a population of less than 750,000 sufficient to provide the guaranteed tax base for a local tax effort not to exceed 0.02. The payment shall be determined as follows:

(a) The guaranteed tax base is the maximum combined state and local per capita taxable value that can be guaranteed in a state fiscal year to each city, village, and township for a local tax effort not to exceed 0.02 if an amount equal to 74.94% of 21.3% of the state sales tax at a rate of 4% is distributed to cities, villages, and townships whose per capita taxable value is below the guaranteed tax base.

(b) The full yield equalization payment to each city, village, and township is the product of the amounts determined under subparagraphs (i) and (ii):

(i) An amount greater than zero that is equal to the difference between the guaranteed tax base determined in subdivision (a) and the per capita taxable value of the city, village, or township.

(ii) The local tax effort of the city, village, or township, not to exceed 0.02, multiplied by the population of that city, village, or township.

(c) The yield equalization payment is the full yield equalization payment divided by 3.

(11) For state fiscal years after the 1997-1998 state fiscal year, distributions under this section for cities, villages, and townships with populations of less than 750,000 shall be determined as follows:

(a) For the 1998-1999 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Ninety percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1998-1999 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Ten percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1998-1999 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(b) For the 1999-2000 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Eighty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1999-2000 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Twenty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1999-2000 state fiscal year multiplied by the city's, village's, or township's percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(c) For the 2000-2001 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(j) Seventy percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2000-2001 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ij) Thirty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2000-2001 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(d) For the 2001-2002 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(j) Sixty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2001-2002 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ij) Forty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2001-2002 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(e) For the 2002-2003 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(j) Fifty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2002-2003 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ij) Fifty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2002-2003 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(f) For the 2003-2004 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(j) Forty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2003-2004 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ij) Sixty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2003-2004 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(g) For the 2004-2005 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(j) Thirty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2004-2005 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ij) Seventy percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2004-2005 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(h) For the 2005-2006 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(j) Twenty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2005-2006 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ij) Eighty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2005-2006 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(i) For the period of October 1, 2006 through June 30, 2007, the payment under this section for each city, village, and township shall be the sum of the following:

(j) Ten percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2006-2007 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(i) Ninety percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2006-2007 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(12) Except as otherwise provided in this subsection, the total payment to any city, village, or township under this act and section 10 of article IX of the state constitution of 1963 shall not increase by more than 8% over the amount of the payment under this act and section 10 of article IX of the state constitution of 1963 in the immediately preceding state fiscal year. From the amount not distributed because of the limitation imposed by this subsection, the department shall distribute an amount to certain cities, villages, and townships such that the percentage increase in the total payment under this act and section 10 of article IX of the state constitution of 1963 from the immediately preceding state fiscal year to each of those cities, villages, and townships is equal to, but does not exceed, the percentage increase from the immediately preceding state fiscal year of any city, village, or township that does not receive a distribution under this subsection. This subsection does not apply for state fiscal years after the 2000 federal decennial census becomes official to a city, village, or township with a 10% or more increase in population from the official 1990 federal decennial census to the official 2000 federal decennial census.

(13) The percentage allocations to distributions under subsections (8) to (10) pursuant to subsection (11) shall be calculated as if, in any state fiscal year, the amount appropriated under this section for distribution to cities, villages, and townships is 74.94% of 21.3% of the sales tax at a rate of 4%. If the amount appropriated under this section to cities, villages, and townships is less than 74.94% of 21.3% of the sales tax at a rate of 4%, any reduction made necessary by this appropriation in distributions to cities, villages, and townships shall first be applied to the distribution under subsections (8) to (10) and any remaining amount shall be applied to the other distributions under this section.

(14) A township that provides for or makes available fire, police on a 24-hour basis either through contracting for or directly employing personnel, water to 50% or more of its residents, and sewer services to 50% or more of its residents and has a population of 10,000 or more or a township that has a population of 20,000 or more shall use the unit type population weight factor under subsection (9)(a) for a city with the same population as the township.

(15) For a state fiscal year in which the sales tax collections decrease from the sales tax collections for the immediately preceding state fiscal year, the department shall reduce the amount to be distributed to a city with a population of 750,000 or more under subsection (6) by an amount determined by subtracting the amount the city is eligible for under section 10 of article IX of the state constitution of 1963 for the state fiscal year from \$333,900,000.00 and multiplying that result by the same percentage as the percentage decrease in sales tax collections for that state fiscal year as compared to sales tax collections for the immediately preceding state fiscal year.

(16) Notwithstanding any other provision of this section for the 1998-1999 state fiscal year, the total combined amount received by each city, village, and township under this section and section 10 of article IX of the state constitution of 1963 shall not be less than the combined amount received under this section, section 12a, and section 10 of article IX of the state constitution of 1963 in the 1997-1998 state fiscal year. The increase, if any, for each city, village, and township from the 1997-1998 state fiscal year, other than a city that receives a distribution under subsection (6), shall be reduced by a uniform percentage to the extent necessary to fund distributions under this subsection.

(17) The payments under subsections (3), (4), and (5) shall be made during each October, December, February, April, June, and August. Payments under subsections (3), (4), and (5) shall be based on collections from the sales tax at the rate of 4% in the 2-month period ending the prior August 31, October 31, December 31, February 28, April 30, and June 30, and for the 1996-1997 and 1997-1998 state fiscal years only, the payments shall be reduced by 1/6 of the total distribution for the state fiscal year under section 12a.

(18) Payments under this section shall be made from revenues collected during the state fiscal year in which the payments are made.

(19) Distributions provided for by this act are subject to an annual appropriation by the legislature.

Sec. 13d. The department shall annualize the amount of distributions under sections 11, 12a, and 13 as necessary to reflect distributions for periods of less than 12 months.

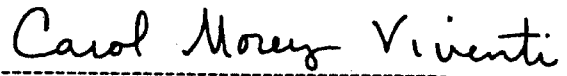
Enacting section 1. Sections 11a, 14, and 15 of the state revenue sharing act of 1971, 1971 PA 140, MCL 141.911a, 141.914, and 141.915, are repealed.

Enacting section 2. This amendatory act does not take effect unless House Bill No. 5391 of the 89th Legislature is enacted into law.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved -----

Governor.

A bill to amend 1994 PA 451, entitled "An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts," by amending sections 51701 and 51702 (MCL 324.51701 and 324.51702), as added by 1995 PA 57 and by adding sections 51703, 51704, and 51705.

Pending the order that, under rule 3.202, the bill be laid over one day,
Senator DeGrow moved that the rule be suspended.

The motion prevailed, a majority of the members serving voting therefor.

The question being on concurring in the amendments made to the bill by the House,

Senator McManus offered the following amendment to the amendments:

1. Amend House Amendment No. 5, page 3, following line 10, after "SEC. 51704," by striking out the balance of the amendment and inserting "BEFORE CONDUCTING A PRESCRIBED BURN OF MORE THAN 40 ACRES, THE DEPARTMENT SHALL NOTIFY EACH LOCAL FIRE DEPARTMENT WITH JURISDICTION OVER THE PROJECTED BURN AREA THAT A PRESCRIBED BURN IS SCHEDULED TO OCCUR WITHIN A DESIGNATED 60-DAY PERIOD. THE NOTIFICATION SHALL TAKE PLACE NOT LESS THAN 2 WEEKS BEFORE THE FIRST DAY OF THE 60-DAY PERIOD."

The amendment to the amendments was adopted.

The question being on concurring in the House amendments, as amended,

The amendments were concurred in, a majority of the members serving voting therefor, as follows:

Roll Call No. 940

Yeas—38

Bennett	Dingell	McManus	Schwarz
Berryman	Dunaskiss	Miller	Shugars
Bouchard	Emmons	Murphy	Smith, A.
Bullard	Gast	North	Smith, V.
Byrum	Geake	O'Brien	Steil
Cherry	Gougeon	Peters	Stille
Cisky	Hart	Posthumus	Van Regenmorter
Conroy	Hoffman	Rogers	Vaughn
DeBeaussaert	Jaye	Schuette	Young
DeGrow	Koivisto		

Nays—0

Excused—0

Not Voting—0

In The Chair: President

Senator DeGrow moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

The Senate agreed to the title as amended.

SENATE
REVENUE
SHARING
VOTE

→ House Bill No. 5989, entitled

A bill to amend 1971 PA 140, entitled "An act to provide for the distribution of certain state revenues to cities, villages, townships, and counties; to impose certain duties and confer certain powers on this state, political subdivisions of this state, and the officers of both; to create reserve funds; and to establish a revenue sharing task force and provide for its powers and duties," by amending sections 1, 7, 11, 12a, and 13 (MCL 141.901, 141.907, 141.911,

141.912a, and 141.913), section 11 as amended by 1996 PA 468 and section 12a as added and section 13 as amended by 1996 PA 342, and by adding section 13d; and to repeal acts and parts of acts.

The House of Representatives has amended the Senate substitute (S-7) as follows:

1. Amend page 3, following line 14, by inserting:

"(4) AFTER JUNE 30, 2007, 25.06% OF 21.3% OF THE SALES TAX COLLECTIONS AT A RATE OF 4% SHALL BE DISTRIBUTED TO COUNTIES AS PROVIDED BY LAW." and renumbering the remaining subsection.

2. Amend page 9, line 16, after "made." by inserting "AFTER JUNE 30, 2007, 74.94% OF 21.3% OF SALES TAX COLLECTIONS AT A RATE OF 4% SHALL BE DISTRIBUTED TO CITIES, VILLAGES, AND TOWNSHIPS AS PROVIDED BY LAW."

3. Amend page 22, line 15, after "PROVIDES" by inserting "OR MAKES AVAILABLE".

4. Amend page 22, line 15, after "POLICE" by inserting "ON A 24-HOUR BASIS 7 DAYS PER WEEK BY PERSONNEL DEDICATED EXCLUSIVELY TO THE TOWNSHIP".

5. Amend page 22, line 16, after "WATER" by inserting "TO 50% OF ITS RESIDENTS".

6. Amend page 22, line 16, after "TO" by inserting "50% OF".

7. Amend page 23, following line 4, by inserting:

"(16) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION FOR THE 1998-1999 STATE FISCAL YEAR, THE TOTAL COMBINED AMOUNT RECEIVED BY EACH CITY, VILLAGE, AND TOWNSHIP UNDER THIS SECTION AND SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 SHALL NOT BE LESS THAN THE COMBINED AMOUNT RECEIVED UNDER THIS SECTION, SECTION 12A, AND SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 IN THE 1997-1998 STATE FISCAL YEAR. THE INCREASE, IF ANY, FOR EACH CITY, VILLAGE, AND TOWNSHIP FROM THE 1997-1998 STATE FISCAL YEAR, OTHER THAN A CITY THAT RECEIVES A DISTRIBUTION UNDER SUBSECTION (6), SHALL BE REDUCED BY A UNIFORM PERCENTAGE TO THE EXTENT NECESSARY TO FUND DISTRIBUTIONS UNDER THIS SUBSECTION." and renumbering the remaining subsections.

The House of Representatives has concurred in the Senate substitute (S-7) as amended and agreed to the title.

Pending the order that, under rule 3.202, the bill be laid over one day,

Senator DeGrow moved that the rule be suspended.

The motion prevailed, a majority of the members serving voting therefor.

The question being on concurring in the House amendments made to the Senate substitute,

Senator Steil offered the following amendments to the amendments:

1. Amend House Amendment No. 3, page 22, line 15, after "after" by striking out "'PROVIDES'" and inserting "'FOR'".

2. Amend House Amendment No. 4, page 22, line 15, after "BASIS" by striking out the balance of the amendment and inserting "EITHER THROUGH CONTRACTING FOR OR DIRECTLY EMPLOYING PERSONNEL".

3. Amend House Amendment No. 5, page 22, line 16, after "50%" by inserting "OR MORE".

4. Amend House Amendment No. 6, page 22, line 16, after "50%" by inserting "OR MORE".

The amendments to the amendments were adopted.

The question being on concurring in the House amendments, as amended,

The amendments were concurred in, a majority of the members serving voting therefor, as follows:

Roll Call No. 941

Yeas—26

Bennett	DeGrow	Miller	Schwarz
Berryman	Dingell	Murphy	Smith, V.
Bouchard	Dunaskiss	O'Brien	Steil
Byrum	Geake	Peters	Stille
Cisky	Gougeon	Posthumus	Vaughn
Conroy	Hart	Schuette	Young
DeBeaussiaert	McManus		

Nays—10

Bullard	Hoffman	North	Shugars
Emmons	Jaye	Rogers	Van Regenmorter
Gast	Koivisto		

Excused—0

Not Voting—2

Cherry

Smith, A.

In The Chair: President

Birkholz	Galloway	Leland	Sanborn
Bobier	Geiger	LeTarte	Schauer
Bodem	Gernaat	London	Schermesser
Bogardus	Gilmer	Lowe	Scott
Brackenridge	Gire	Martinez	Scranton
Brater	Godchaux	Mathieu	Sikkema
Brewer	Goschka	McBryde	Stallworth
Brown	Green	McManus	Tesanovich
Byl	Gubow	McNutt	Thomas
Callahan	Gustafson	Middaugh	Varga
Cassis	Hale	Middleton	Voorhees
Cherry	Hammerstrom	Nye	Walberg
Ciaramitaro	Hanley	Olshove	Wallace
Crissman	Harder	Owen	Wetters
Cropsey	Horton	Oxender	Whyman
Curtis	Jansen	Parks	Willard
Dalman	Jelinek	Perricone	Wojno
DeHart	Jellema	Price	

Nays—0

In The Chair: DeHart

Pursuant to Joint Rule 20, the full title of the act shall read as follows:

"An act to provide for the inspection, licensing, and regulation of carnival and amusement rides; to provide for the safety of the public using carnival and amusement rides; to create a carnival amusement safety board in the department of licensing and regulation; to provide for the disposition of revenues; to make an appropriation; and to provide penalties for violations."

The House agreed to the full title.

Rep. Gagliardi moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

By unanimous consent the House returned to the order of
Messages from the Senate

HOUSE
REVENUE
SHARING
VOTE



House Bill No. 5989, entitled

A bill to amend 1971 PA 140, entitled "An act to provide for the distribution of certain state revenues to cities, villages, townships, and counties; to impose certain duties and confer certain powers on this state, political subdivisions of this state, and the officers of both; to create reserve funds; and to establish a revenue sharing task force and provide for its powers and duties," by amending sections 1, 7, 11, 12a, and 13 (MCL 141.901, 141.907, 141.911, 141.912a, and 141.913), section 11 as amended by 1996 PA 468 and section 12a as added and section 13 as amended by 1996 PA 342, and by adding section 13d; and to repeal acts and parts of acts.

The Senate has amended the House amendments as follows:

1. Amend House Amendment No. 3, page 22, line 15, after "after" by striking out " "PROVIDES" " and inserting " "FOR" ".
2. Amend House Amendment No. 4, page 22, line 15, after "BASIS" by striking out the balance of the amendment and inserting "EITHER THROUGH CONTRACTING FOR OR DIRECTLY EMPLOYING PERSONNEL".
3. Amend House Amendment No. 5, page 22, line 16, after "50%" by inserting "OR MORE".
4. Amend House Amendment No. 6, page 22, line 16, after "50%" by inserting "OR MORE".

The Senate has concurred in the House amendments as amended.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

Rep. Gagliardi moved that Rule 45 be suspended.

The motion prevailed, 3/5 of the members present voting therefor.